

AMENDED IN SENATE APRIL 17, 2013

**SENATE BILL**

**No. 18**

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**Introduced by Senator Hernandez  
(Principal coauthor: Senator Monning)**

December 3, 2012

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*An act to amend Section 127660 of the Health and Safety Code, relating to health care coverage, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 18, as amended, Hernandez. ~~Individual health care coverage.~~  
*California Health Benefits Review Program: health insurance.*

*Existing law requests the University of California to establish the California Health Benefits Review Program to assess legislation proposing to mandate a benefit or service or to repeal a mandated benefit or service, and to prepare a written analysis with relevant data on specified areas, including public health, medical impacts, and financial impacts.*

*This bill would include essential health benefits and the impact on the California Health Benefit Exchange in the areas to be reported on by the California Health Benefits Review Program.*

~~Existing federal law, the federal Patient Protection and Affordable Care Act (PPACA) enacts various health care coverage market reforms that take effect January 1, 2014. Among other things, PPACA requires each health insurance issuer that offers health insurance coverage in the individual or group market in a state to accept every employer and individual in the state that applies for that coverage and to renew that coverage at the option of the plan sponsor or the individual. PPACA prohibits a group health plan and a health insurance issuer offering~~

~~group or individual health insurance coverage from imposing any preexisting condition exclusion with respect to that plan or coverage. PPACA allows the premium rate charge by a health insurance issuer offering small group or individual coverage to vary only by family composition, rating area, age, and tobacco use, as specified, and prohibits discrimination against individuals based on health status.~~

~~Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and the regulation of health insurers by the Insurance Commissioner. Existing law requires plans and insurers offering coverage in the individual market to comply with certain requirements, including that they offer coverage for a child on a guarantee-issue basis.~~

~~This bill would state the intent of the Legislature to enact legislation that would reform the individual health care coverage market consistent with the PPACA.~~

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

~~Vote:  $\frac{2}{3}$ -majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.~~

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 127660 of the Health and Safety Code is
- 2     amended to read:
- 3     127660. (a) The Legislature hereby requests the University of
- 4     California to establish the California Health Benefit Review
- 5     Program to assess legislation proposing to mandate a benefit or
- 6     service, as defined in subdivision (c), and legislation proposing to
- 7     repeal a mandated benefit or service, as defined in subdivision (d),
- 8     and to prepare a written analysis with relevant data on the
- 9     following:
- 10    (1) Public health impacts, including, but not limited to, all of
- 11    the following:
- 12    (A) The impact on the health of the community, including the
- 13    reduction of communicable disease and the benefits of prevention
- 14    such as those provided by childhood immunizations and prenatal
- 15    care.
- 16    (B) The impact on the health of the community, including
- 17    diseases and conditions where gender and racial disparities in

1 outcomes are established in peer-reviewed scientific and medical  
2 literature.

3 (C) The extent to which the benefit or service reduces premature  
4 death and the economic loss associated with disease.

5 (2) Medical impacts, including, but not limited to, all of the  
6 following:

7 (A) The extent to which the benefit or service is generally  
8 recognized by the medical community as being effective in the  
9 screening, diagnosis, or treatment of a condition or disease, as  
10 demonstrated by a review of scientific and peer reviewed medical  
11 literature.

12 (B) The extent to which the benefit or service is generally  
13 available and utilized by treating physicians.

14 (C) The contribution of the benefit or service to the health status  
15 of the population, including the results of any research  
16 demonstrating the efficacy of the benefit or service compared to  
17 alternatives, including not providing the benefit or service.

18 (D) The extent to which mandating or repealing the benefits or  
19 services would not diminish or eliminate access to currently  
20 available health care benefits or services.

21 (3) Financial impacts, including, but not limited to, all of the  
22 following:

23 (A) The extent to which the coverage or repeal of coverage will  
24 increase or decrease the benefit or cost of the benefit or service.

25 (B) The extent to which the coverage or repeal of coverage will  
26 increase the utilization of the benefit or service, or will be a  
27 substitute for, or affect the cost of, alternative benefits or services.

28 (C) The extent to which the coverage or repeal of coverage will  
29 increase or decrease the administrative expenses of health care  
30 service plans and health insurers and the premium and expenses  
31 of subscribers, enrollees, and policyholders.

32 (D) The impact of this coverage or repeal of coverage on the  
33 total cost of health care.

34 (E) The potential cost or savings to the private sector, including  
35 the impact on small employers as defined in paragraph (1) of  
36 subdivision (l) of Section 1357, the Public Employees' Retirement  
37 System, other retirement systems funded by the state or by a local  
38 government, individuals purchasing individual health insurance,  
39 and publicly funded state health insurance programs, including  
40 the Medi-Cal program and the Healthy Families Program.

1 (F) The extent to which costs resulting from lack of coverage  
2 or repeal of coverage are or would be shifted to other payers,  
3 including both public and private entities.

4 (G) The extent to which mandating or repealing the proposed  
5 benefit or service would not diminish or eliminate access to  
6 currently available health care benefits or services.

7 (H) The extent to which the benefit or service is generally  
8 utilized by a significant portion of the population.

9 (I) The extent to which health care coverage for the benefit or  
10 service is already generally available.

11 (J) The level of public demand for health care coverage for the  
12 benefit or service, including the level of interest of collective  
13 bargaining agents in negotiating privately for inclusion of this  
14 coverage in group contracts, and the extent to which the mandated  
15 benefit or service is covered by self-funded employer groups.

16 (K) In assessing and preparing a written analysis of the financial  
17 impact of legislation proposing to mandate a benefit or service and  
18 legislation proposing to repeal a mandated benefit or service  
19 pursuant to this paragraph, the Legislature requests the University  
20 of California to use a certified actuary or other person with relevant  
21 knowledge and expertise to determine the financial impact.

22 (4) *The impact on essential health benefits, as defined in Section*  
23 *1367.005 and Section 10112.27 of the Insurance Code, and the*  
24 *impact on California Health Benefit Exchange.*

25 (b) The Legislature requests that the University of California  
26 provide every analysis to the appropriate policy and fiscal  
27 committees of the Legislature not later than 60 days after receiving  
28 a request made pursuant to Section 127661. In addition, the  
29 Legislature requests that the university post every analysis on the  
30 Internet and make every analysis available to the public upon  
31 request.

32 (c) As used in this section, “legislation proposing to mandate a  
33 benefit or service” means a proposed statute that requires a health  
34 care service plan or a health insurer, or both, to do any of the  
35 following:

36 (1) Permit a person insured or covered under the policy or  
37 contract to obtain health care treatment or services from a particular  
38 type of health care provider.

39 (2) Offer or provide coverage for the screening, diagnosis, or  
40 treatment of a particular disease or condition.

1 (3) Offer or provide coverage of a particular type of health care  
2 treatment or service, or of medical equipment, medical supplies,  
3 or drugs used in connection with a health care treatment or service.

4 (d) As used in this section, “legislation proposing to repeal a  
5 mandated benefit or service” means a proposed statute that, if  
6 enacted, would become operative on or after January 1, 2008, and  
7 would repeal an existing requirement that a health care service  
8 plan or a health insurer, or both, do any of the following:

9 (1) Permit a person insured or covered under the policy or  
10 contract to obtain health care treatment or services from a particular  
11 type of health care provider.

12 (2) Offer or provide coverage for the screening, diagnosis, or  
13 treatment of a particular disease or condition.

14 (3) Offer or provide coverage of a particular type of health care  
15 treatment or service, or of medical equipment, medical supplies,  
16 or drugs used in connection with a health care treatment or service.

17 ~~SECTION 1. It is the intent of the Legislature to enact~~  
18 ~~legislation to reform the individual health care coverage market~~  
19 ~~consistent with the federal Patient Protection and Affordable Care~~  
20 ~~Act (Public Law 111-148), as amended by the federal Health Care~~  
21 ~~and Education Reconciliation Act of 2010 (Public Law 111-152).~~

22 ~~SEC. 2. This act is an urgency statute necessary for the~~  
23 ~~immediate preservation of the public peace, health, or safety within~~  
24 ~~the meaning of Article IV of the Constitution and shall go into~~  
25 ~~immediate effect. The facts constituting the necessity are:~~

26 ~~In order to update state law consistent with federal requirements~~  
27 ~~at the earliest possible time, it is necessary that this bill take effect~~  
28 ~~immediately.~~